

## AUDITING PROCEDURES REPORT

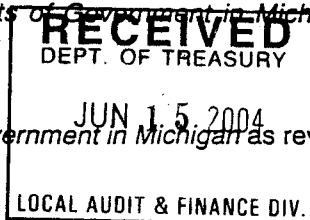
Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Name (Specify) <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other <b>Emmett Township</b>		County <b>St. Clair</b>	
Audit Date <b>March 31, 2004</b>	Opinion Date <b>April 27, 2004</b>	Date Accountant Report Submitted to State: <b>April 27, 2004</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.



We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

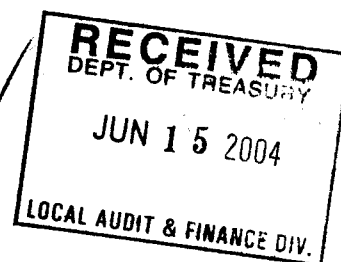
You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) <b>Lehn L. King, C.P.A.</b>			
Street Address <b>3078 S. Main Street</b>	City <b>Marlette</b>	State <b>MI</b>	ZIP <b>48453</b>
Accountant Signature <i>Lehn L. King, C.P.A.</i>			



# *Township of Emmett*

**St. Clair County, Michigan**

Audited Financial Report  
March 31, 2004

*Lehn L. King*

Certified Public Accountant  
Marlette, Michigan

**Township of Emmett**  
Financial Report  
For The Year Ended March 31, 2004

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Members of the Township Board  
The Township of Emmett  
St. Clair County, Michigan

**Independent Auditor's Report**

I have examined the General Purpose Financial Statements of The Township of Emmett as of March 31, 2004, as listed in the Table of Contents, for the year then ended. These financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, The Township of Emmett prepares its financial statements on the cash basis, which is comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, except for the omission of the information mentioned in the preceding paragraph, the accompanying statements present fairly the General Purpose Financial Statements of The Township of Emmett at March 31, 2004, and the revenues it received and expenditures it paid for the year then ended on the basis of accounting described in Note 1.

The accompanying financial information listed as supporting schedules in the Table of Contents is presented for purposes of additional analysis and is not a required part of the General Purpose Financial Statements of The Township of Emmett. The information has been subjected to the auditing procedures applied in the examination of the combined financial statements, and in my opinion, is fairly stated in all material respects in relation to the General Purpose Financial Statements taken as a whole.

*Lehn King*

Lehn L. King  
Certified Public Accountant  
April 27, 2004

**Combined Statements -  
Overview**  
(General Purpose Financial Statements)

# Township of Emmett

## Combined Balance Sheet - All Fund Types and Account Groups

### Cash Basis March 31, 2004

Assets	Governmental Fund Types			Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
	General Fund	Special Revenue	Debt Service		General Fixed Assets	Long-Term Debt	
Cash - Checking, Savings, and/or Money Mkt Investments	\$ 249,122	\$ 18,469	\$ 41,189	\$ 11,964	\$ 0	\$ 0	\$ 320,744
Due From Other Funds	0	0	0	98,975	0	0	98,975
Fixed Assets	4	0	0	11,640	0	0	11,644
Amount to be Provided for Retirement of Long-Term Debt	0	0	0	0	200,694	0	200,694
Amount Available in Debt Service Fund	0	0	0	0	0	90,262	90,262
Total Assets	\$ 249,126	\$ 18,469	\$ 41,189	\$ 122,579	\$ 200,694	\$ 131,452	\$ 763,509
<b>Liabilities &amp; Fund Equity</b>							
<b>Liabilities</b>							
Deferred Compensation Payable	\$ 0	\$ 0	\$ 0	\$ 98,975	\$ 0	\$ 0	\$ 98,975
Due to Other Funds	11,640	0	0	4	0	0	11,644
Due to - Other Gov'ts & Taxpayers	0	0	0	23,600	0	0	23,600
Payroll Liabilities	1,076	0	0	0	0	0	1,076
Installment Contract Payable	0	0	0	0	0	131,452	131,452
Total Liabilities	12,716	0	0	122,579	0	131,452	266,747
<b>Fund Equity</b>							
Investment in General Fixed Assets	0	0	0	0	200,694	0	200,694
Fund Balances:							
Reserved for Building Inspection	0	0	0	0	0	0	0
Reserved for Debt Service - Township Hall	0	0	28,924	0	0	0	28,924
Reserved for Debt Service - Bryce Rd	0	0	12,265	0	0	0	12,265
Reserved for Park Improvement	0	18,469	0	0	0	0	18,469
Unreserved - Undesignated	236,410	0	0	0	0	0	236,410
Total Fund Equity	236,410	18,469	41,189	0	200,694	0	496,762
Total Liabilities & Fund Equity	\$ 249,126	\$ 18,469	\$ 41,189	\$ 122,579	\$ 200,694	\$ 131,452	\$ 763,509

The notes are an integral part of the statements.

**Township of Emmett**  
 Combined Statement of Revenues, Expenditures,  
 And Changes in Fund Balances  
 All Governmental Fund Types - Cash Basis  
 For The Year Ended March 31, 2004

		Special	Debt	Totals
	General	Revenue	Service	(Memorandum Only)
<b>Revenues</b>				
Property Taxes/Assessments	\$ 69,810	\$ 8,592	\$ 13,720	\$ 92,122
State Shared Revenues	156,755	0	0	156,755
Licenses, Permits, & Fees	5,007	37,175	0	42,182
Interest Earnings	1,840	16	221	2,077
Charges for Services	9,222	0	0	9,222
Miscellaneous Revenue	4,547	278	0	4,825
<u>Total Revenues</u>	<u>247,181</u>	<u>46,061</u>	<u>13,941</u>	<u>307,183</u>
<b>Expenditures</b>				
General Government	110,765	0	0	110,765
Public Safety	27,578	28,465	0	56,043
Highways, Streets, & Bridges	25,333	0	0	25,333
Sanitation	8,173	0	0	8,173
Park	0	5,748	0	5,748
Principal Retirement	0	0	41,432	41,432
Interest Charges	0	0	7,565	7,565
<u>Total Expenditures</u>	<u>171,849</u>	<u>34,213</u>	<u>48,997</u>	<u>255,059</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	75,332	11,848	(35,056)	52,124
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In (Out)	10,302	0	(10,302)	0
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	85,634	11,848	(45,358)	52,124
<b>Fund Balances - April 1, 2003</b>	150,776	6,621	86,547	243,944
<b>Fund Balances - March 31, 2004</b>	<u>\$ 236,410</u>	<u>\$ 18,469</u>	<u>\$ 41,189</u>	<u>\$ 296,068</u>

The notes are an integral part of the statements.

# Township of Emmett

Combined Statement of Revenues, Expenditures,  
And Changes in Fund Balance - Cash Basis  
Actual Compared to Budget - General and Special Revenue Funds Types  
For The Year Ended March 31, 2004

	Governmental Fund Types				Total (Memorandum Only)			
	General Fund		Special Revenue Funds		Budget		Over (Under) Budget	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Over (Under) Budget
<b>Revenues</b>								
Property Taxes	\$ 65,000	\$ 69,810	\$ 4,810	\$ 8,592	\$ 73,000	\$ 78,402	\$ 5,402	
State Shared Revenue	168,016	156,755	(11,261)	0	168,016	156,755	(11,261)	
Licenses, Permits, and Fees	12,000	5,007	(6,993)	0	12,000	42,182	30,182	
Miscellaneous Revenues	1,500	4,547	3,047	278	1,500	4,825	3,325	
Charges for Services	9,000	9,222	222	0	9,000	9,222	222	
Interest Earnings	4,000	1,840	(2,160)	16	4,000	1,856	(2,144)	
<b>Total Revenues</b>	<b>\$ 259,516</b>	<b>\$ 247,181</b>	<b>\$ (12,335)</b>	<b>\$ 46,061</b>	<b>\$ 267,516</b>	<b>\$ 293,242</b>	<b>\$ 25,726</b>	
<b>Expenditures</b>								
General Government	123,384	110,765	12,619	0	123,384	110,765	12,619	
Public Safety	40,093	27,578	12,515	28,465	40,093	56,043	(15,950)	
Highways, Streets, and Bridges	60,000	25,333	34,667	0	60,000	25,333	34,667	
Sanitation	9,000	8,173	827	0	9,000	8,173	827	
Park	0	0	0	5,748	7,342	5,748	1,594	
Debt Service - Principal	0	0	0	0	0	0	0	
- Interest	0	0	0	0	0	0	0	
<b>Total Expenditures</b>	<b>232,477</b>	<b>171,849</b>	<b>60,628</b>	<b>34,213</b>	<b>239,819</b>	<b>206,062</b>	<b>33,757</b>	
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>27,039</b>	<b>75,332</b>	<b>48,293</b>	<b>11,848</b>	<b>27,697</b>	<b>87,180</b>	<b>59,483</b>	
<b>Other Financing Sources (Uses)</b>								
Operating Transfers In (Out)	(16,500)	10,302	26,802	0	(16,500)	10,302	26,802	
<b>Excess of Revenues and Operating Transfers In Over Expenditures and Operating Transfers Out</b>	<b>10,539</b>	<b>85,634</b>	<b>75,095</b>	<b>11,848</b>	<b>11,190</b>	<b>97,482</b>	<b>86,285</b>	
<b>Fund Balances - April 1, 2003</b>	<b>0</b>	<b>150,776</b>	<b>150,776</b>	<b>6,621</b>	<b>0</b>	<b>157,397</b>	<b>157,397</b>	
<b>Fund Balances - March 31, 2004</b>	<b>\$ 10,539</b>	<b>\$ 236,410</b>	<b>\$ 225,871</b>	<b>\$ 18,469</b>	<b>\$ 11,197</b>	<b>\$ 254,879</b>	<b>\$ 243,682</b>	

The notes are an integral part of the statements.



**Township of Emmett**  
Notes To Financial Statements  
For The Year Ended March 31, 2004

The accounting methods and procedures adopted by the Township of Emmett, St. Clair County, Michigan, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Townships Comprehensive Annual Financial Report.

**1. Summary of Significant Accounting Policies**

**Financial Reporting Entity**

The Township was incorporated under the laws of the State of Michigan and operates as a General Law Township, with a Township Board form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township (the primary government) and its component units. The component units discussed below are included in the Township reporting entity because of the significance of their operational or financial relationships with the Township.

**Component Units** - In accordance with generally accepted accounting principles, there are no component units of Government required to be included in the Financial Reporting Entity either as blended component units or discretely presented component units.

**Basis of Presentation - Fund Accounting** - The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The Township has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

The funds are grouped into fund types and generic funds as described below:

**Governmental Fund Types** - These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

**General Fund:** This fund is established to account for resources devoted to financing the general services that the Township performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Township are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

**Special Revenue Funds:** The Special Revenue Funds are used to account for the proceeds of specific revenue resources (other than assessments or expendable trusts) that are legally restricted to expenditures for specified purposes. This fund includes: St. Clair County Park Grant.

**Debt Service Fund:** The Debt Service fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the Township for the Township Hall construction. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively from debt service expenditures. This fund includes: Township Hall and Bryce Road Projects.

**Fiduciary Fund Types** - These funds account for assets held by the Township as a trustee or agent for individuals, private organization, and other units of governments. These funds are as follows:

**Expendable Trust and Agency Funds:** These funds, used to account for assets held in trust of as an agent for others, include the Tax (property) Collection Fund and the Deferred Compensation Trust.

**Account Groups** - In addition to the broad types of governmental funds, the Township also maintains one account group as described below:

**Township of Emmett**  
Notes To Financial Statements  
For The Year Ended March 31, 2004

**General Fixed Assets Account Group:** This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes.

**General Long-Term Debt Account Group:** This account group is established to account for the Township's long-term debt that will be financed from general governmental resources.

**Basis of Accounting** - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The Township utilized the cash basis of accounting for all funds.

**Budgetary Data** - The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, the Township Clerk submits to the Township Board a proposed operating budget for the fiscal year commencing April 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior April 1, the budget is legally enacted.
4. The budget is used by the Township Board as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis which is not consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level.
5. Budget amounts are as originally adopted, or as amended by the Township Board. Individual amendments were not material in relation to the original appropriations which were amended.

**Cash** - The Township does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Township's investments.

**Investments** - Debt securities are valued at cost since it is generally the policy of the Township to hold such investments until they mature.

**Due To and Due From Other Funds** - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

**Other Assets** - Other assets held are recorded and accounted for at cost.

**Property, Plant, and Equipment** - Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as roads, sidewalks, and bridges, are not capitalized. Property, plant, and equipment acquired or constructed for general governmental operations are recorded as expenditures in the fund making the expenditure and capitalized at cost in the General Fixed Assets Account Group.

Property, plant, and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

**Fund Equity** - The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distribution. Reserved retained earnings for proprietary funds represent the net assets that have been legally identified for specific purposes.

**Township of Emmett**  
Notes To Financial Statements  
For The Year Ended March 31, 2004

**Revenues and Expenditures/Expenses** - Generally, Revenues for governmental funds, tax revenues, fees, and nontax revenues are recognized when received. Grants from other governments are recorded when qualifying expenditures are paid. Expenditures for governmental funds are recorded when paid.

**Property Tax Revenues** - Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

Property taxes are recognized as revenue when they are collected.

**Vacation, Sick Leave, and Other Compensated Absences** - The Township does not have any contracts or agreements with its employees or elected officials which require the payment of compensation during absence from duty nor do any such benefits vest to the right of the employee or elected official.

**Total Columns** - The Combined Financial Statements include total columns that are described as memoranda only. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Interfund transactions have not been eliminated from the total column of each financial statement.

## **2. Stewardship, Compliance, and Accountability**

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

## **3. Cash and Investments**

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the Local Unit's cash deposits are as follows:

	<u>Carrying Amount</u>	<u>Bank Balances</u>
Insured (FDIC)	\$ 320,746	\$ 320,746
Uninsured and Uncollateralized	<u>0</u>	<u>0</u>
Total Deposits	<u>\$ 320,746</u>	<u>\$ 320,746</u>

All cash deposits and investments of the Township are held by the Township in the Township's name.

The GASB Statement 3 risk disclosures for the Local Unit's investments are as follows:

**Township of Emmett**  
Notes To Financial Statements  
For The Year Ended March 31, 2004

Investment Type	(1)	(2)	(3)	Carrying Amount	Market Value
Risk Categorized					
Operating Funds					
US Treasury Bonds					
Investment in Deferred					
Compensation Plans				98,975	98,975
Total Risk-Categorized					
Investments				98,975	98,975

The cash and investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

Category 1	Insured or registered, or securities held by the Township or its agent in the Township's name.
Category 2	Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.
Category 3	Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

Amounts invested in the Government Pool are recorded at cost which is also the fair market value. Investments in deferred compensation mutual funds are not categorized, in accordance with GASB No. 3, because they are not evidenced by securities that exist in physical or book entry form.

The investments recorded in the Deferred Compensation Fund are held by Public Employees Benefit Services Corporation, as discussed in note 11.

#### 4. Property Taxes

The Township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of December of the levy year and may be paid by the following February 14.

Property taxes are not recognized in compliance with NCGAI-3 which states that such revenue is recorded when it becomes measurable and available. Property taxes are recorded as revenue when collected.

The Township levied the following taxes:

General Government Services	0.8233 mills
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#### 5. Due To/From Other Funds

As of March 31, 2004, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 4	\$ 11,640
Tax Collection Fund	0	4
Building Bond Fund	11,640	0
Total	\$ 11,644	\$ 11,644

**Township of Emmett**  
Notes To Financial Statements  
For The Year Ended March 31, 2004

**6. Property, Plant, and Equipment**

Activity for general fixed assets that are capitalized by the Township is summarized below:

<u>Assets</u>	<u>Balance April 1, 2003</u>	<u>Addition</u>	<u>Deduction</u>	<u>Balance March 31, 2004</u>
Township Land & Building	\$ 54,440	\$ 0	\$ 0	\$ 54,440
Office Furniture & Equipment	23,692	0	0	23,692
Township Hall - New	122,562	0	0	122,562
<b>Total</b>	<u>\$ 200,694</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 200,694</u>

**7. Deficit Fund Balance or Retained Earnings Balances of Individual Funds**

None

**8. Comparative Data**

Comparative total data for the prior year has not been presented.

**9. Excess of Expenditures Over Appropriations in Budgetary Funds**

P.A. 621 of 1978, section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township actual expenditures and budgeted expenditures for the budgetary funds have been shown on an activity basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

During the year ended March 31, 2004, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
<b>General Fund</b>			
Township Administration	\$ 27,610	\$ 30,972	\$ 3,362
Miscellaneous	500	1,671	1,171
Building Inspection	1,000	4,484	3,484

During the year ended March 31, 2004 budgets were not adopted for the following funds:  
Building Inspection Fund

**10. Post Employment Benefits**

The Township does not provide any post employment benefits other than the deferred compensation benefits.

**Township of Emmett**  
Notes To Financial Statements  
For The Year Ended March 31, 2004

**11. Deferred Compensation Plan**

Employees of the Township may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans With Respect To Service For State and Local Governments).

The deferred compensation plan is available to various employees of the Township. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The deferred compensation plan is administered by an unrelated financial institution.

As part of its fiduciary role, the Township has an obligation of due care in selecting the third party administrator. In the opinion of the Township's legal counsel, the Township has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

The Plans are administered by Nationwide Retirement Solutions (Nationwide). The assets and liabilities held by Nationwide are reported at market value in the Deferred Compensation Agency Fund. The total amount payable to plan participants is reported as deferred compensation payable.

**12. Risk Management**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Township has purchased commercial insurance for the various risks of loss stated above.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

**13. Long-Term Debt**

The general long-term debt of the Township and the changes therein, are summarized as follows:

General Long-Term Debt Account Group

<u>Primary Government</u>	<u>Balance April 1, 2003</u>	<u>Additions (Reductions)</u>	<u>Balance March 31, 2004</u>
Township hall building complex (Primary Government)			
5.95% 1997 Installment Mortgage Note Payable			
for construction of Township Hall	\$ 25,000	\$ (25,000)	\$ 0

Mortgage note payable at March 31, 2004, is comprised of the following issue:

General Obligation:

\$150,000 Installment Mortgage Note Payable – Emmett Township Hall due in annual installments of \$25,000 plus interest through July 1, 2004; Interest at 5.95%.

**Township of Emmett**  
Notes To Financial Statements  
For The Year Ended March 31, 2004

<u>Year</u>	<u>Principal</u>	<u>Interest</u>		<u>Annual</u>
	<u>July 1,</u>	<u>January 1,</u>	<u>July 1,</u>	<u>Total</u>
2004	\$ 25,000	\$ 434	\$ 0	\$ 0
Total	<u>\$ 25,000</u>	<u>\$ 434</u>	<u>\$ 0</u>	<u>\$ 0</u>

<u>Balance</u>	<u>Additions</u>	<u>Balance</u>
<u>April 1,</u>	<u>(Reductions)</u>	<u>March 31,</u>
<u>2003</u>		<u>2004</u>

Bryce Road Project (Primary Government) 3.4 to 6.0 %  
Installment Contract for Bryce Road paving

<u>\$ 147,884</u>	<u>\$ (16,431)</u>	<u>\$ 131,453</u>
-------------------	--------------------	-------------------

\$197,215 Installment Contract Payable – Bryce Road Project due in annual installments of \$16,431 plus interest through August 1, 2012; Interest at 3.4% to 6.00%

<u>Year</u>	<u>Principal</u>	<u>Interest</u>		<u>Annual</u>
	<u>July 1,</u>	<u>January 1,</u>	<u>July 1,</u>	<u>Total</u>
2005	\$ 16,431	\$ 2,695	\$ 1,955	\$ 21,081
2006	16,431	1,955	1,725	20,111
2007	16,431	1,725	1,520	19,676
2008	16,431	1,520	1,265	19,216
2009	16,431	1,265	986	18,682
2010	16,431	986	657	18,074
2011	16,431	657	329	17,417
2012	16,436	329	0	16,765
Total	<u>\$ 131,453</u>	<u>\$ 11,132</u>	<u>\$ 8,437</u>	<u>\$ 151,022</u>

**14. Interfund Transfers**

During the year ended March 31, 2004, the Township's interfund transfers were as follows:

	<u>Transfers In</u>		<u>Transfers Out</u>
General Fund	\$ 25,118	Bldg Const Dbt Svc Fund	\$ 25,118
Bryce Rd Dbt Svc Fund	\$ 14,816	General Fund	\$ 14,816

## **Supporting Schedules**



**Township of Emmett**  
 Combined Statement of Revenues, Expenditures,  
 And Changes in Fund Balance - Cash Basis  
 Actual Compared to Budget - General Fund  
 For The Year Ended March 31, 2004

	<b>General Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b><u>Revenues</u></b>			
Taxes			
Property Taxes	\$ 40,000	\$ 50,274	10,274
Property Tax Administration Fee	25,000	19,536	(5,464)
Licenses, Permits, & Fees			
Building Permits	12,000	5,007	(6,993)
State Shared Revenues	168,016	156,755	(11,261)
Charges for Services	9,000	9,222	222
Interest Earnings	4,000	1,840	(2,160)
Other Revenue	1,500	4,547	3,047
<b><u>Total Revenues</u></b>	<b><u>\$ 259,516</u></b>	<b><u>\$ 247,181</u></b>	<b><u>\$ (12,335)</u></b>

**Township of Emmett**  
Combined Statement of Revenues, Expenditures,  
And Changes in Fund Balance - Cash Basis  
Actual Compared to Budget - General Fund  
For The Year Ended March 31, 2004

	General Fund		Over (Under) Budget
	Budget	Actual	
<b><u>Expenditures</u></b>			
<u>General Government</u>			
Township Board	\$ 2,040	\$ 1,997	\$ 43
Professional Fees	13,500	4,829	8,671
Supervisor	11,000	11,000	0
Elections	500	92	408
Assessor	20,000	18,521	1,479
Clerk	13,234	13,200	34
Board of Review	1,500	1,063	437
Treasurer	14,300	14,292	8
Township Administration	27,610	30,972	(3,362)
Insurance & Bonds	7,000	6,846	154
Fringe Benefits	12,200	6,282	5,918
Miscellaneous	500	1,671	(1,171)
Capital Outlay	0	0	0
<u>Total General Government</u>	<u>123,384</u>	<u>110,765</u>	<u>12,619</u>
<u>Public Safety</u>			
Police	2,000	2,000	0
Fire Protection	33,093	18,106	14,987
Building Inspection	1,000	4,484	(3,484)
Planning / ZBA	4,000	2,988	1,012
<u>Total Public Safety</u>	<u>40,093</u>	<u>27,578</u>	<u>12,515</u>
<u>Highways, Streets, &amp; Bridges</u>			
Roads	55,000	21,342	33,658
Drains	5,000	3,991	1,009
Sanitation	9,000	8,173	827
<u>Total Highways, Streets, &amp; Bridges</u>	<u>69,000</u>	<u>33,506</u>	<u>35,494</u>
<u>Total Expenditures</u>	<u>232,477</u>	<u>171,849</u>	<u>60,628</u>
<b><u>Excess of Revenues Over</u></b>			
<b><u>(Under) Expenditures</u></b>	27,039	75,332	48,293
<b><u>Other Financing Sources (Uses)</u></b>			
Operating Transfers In (Out)	(16,500)	10,302	26,802
<b><u>Excess of Revenues and Other Sources Over</u></b>			
<b><u>(Under) Expenditures and Other Uses</u></b>	10,539	85,634	75,095
<b><u>Fund Balances - April 1, 2003</u></b>	<u>0</u>	<u>150,776</u>	<u>150,776</u>
<b><u>Fund Balances - March 31, 2004</u></b>	<u>\$ 10,539</u>	<u>\$ 236,410</u>	<u>\$ 225,871</u>

**Township of Emmett**  
Special Revenue Funds  
Combining Balance Sheet - Cash Basis  
March 31, 2004

	<b><u>Park Fund</u></b>	<b><u>Building Inspection Fund</u></b>	<b><u>Totals March 31, 2004</u></b>
<b><u>Assets</u></b>			
Cash	\$ 3,022	\$ 15,447	\$ 18,469
<b><u>Total Assets</u></b>	<b><u>\$ 3,022</u></b>	<b><u>\$ 15,447</u></b>	<b><u>\$ 18,469</u></b>
 <b><u>Fund Equity</u></b>			
Fund Balances:			
Unreserved - Undesignated	<u>3,022</u>	<u>15,447</u>	<u>18,469</u>
<b><u>Total Fund Equity</u></b>	<b><u>\$ 3,022</u></b>	<b><u>\$ 15,447</u></b>	<b><u>\$ 18,469</u></b>

# Township of Emmett

## Special Revenue Funds

### Combining Statement of Revenues, Expenditures &

### Changes in Fund Balance - Cash Basis

For The Year Then Ended March 31, 2004

	<b>Park Fund</b>	<b>Building Inspection Fund</b>	<b>Totals March 31, 2004</b>
<b><u>Revenues</u></b>			
Parks Mills	\$ 8,592	\$ 0	\$ 8,592
Permit Fees	0	37,175	37,175
Interest Earnings	0	16	16
Miscellaneous	0	278	278
<b><u>Total Revenues</u></b>	<b><u>8,592</u></b>	<b><u>37,469</u></b>	<b><u>46,061</u></b>
<b><u>Expenditures</u></b>			
Wages & Inspection Fees	0	28,428	28,428
Repairs & Maintenance	2,701	0	2,701
Miscellaneous	826	37	863
Capital Outlay	2,221	0	2,221
<b><u>Total Expenditures</u></b>	<b><u>5,748</u></b>	<b><u>28,465</u></b>	<b><u>34,213</u></b>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<b><u>2,844</u></b>	<b><u>9,004</u></b>	<b><u>11,848</u></b>
<b><u>Other Financing Sources (Uses)</u></b>			
Operating Transfers In (Out)	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>Excess of Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</u></b>	<b><u>2,844</u></b>	<b><u>9,004</u></b>	<b><u>11,848</u></b>
<b><u>Fund Balances - April 1, 2003</u></b>	<b><u>178</u></b>	<b><u>6,443</u></b>	<b><u>6,621</u></b>
<b><u>Fund Balances - March 31, 2004</u></b>	<b><u>\$ 3,022</u></b>	<b><u>\$ 15,447</u></b>	<b><u>\$ 18,469</u></b>

**Township of Emmett**  
Park Fund  
Statement of Revenues, Expenditures &  
Changes in Fund Balance - Cash Basis  
Actual Compared to Budget  
For The Year Then Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b><u>Revenues</u></b>			
Park Mills	\$ 8,000	\$ 8,592	\$ 592
Interest Earnings	0	0	0
Miscellaneous Revenue	0	0	0
<b><u>Total Revenues</u></b>	<u>8,000</u>	<u>8,592</u>	<u>592</u>
<b><u>Expenditures</u></b>			
Repairs & Maintenance	3,500	2,701	799
Miscellaneous	1,500	826	674
Capital Outlay	2,342	2,221	121
<b><u>Total Expenditures</u></b>	<u>7,342</u>	<u>5,748</u>	<u>1,594</u>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	658	2,844	2,186
<b><u>Other Financing Sources (Uses)</u></b>			
Operating Transfers In (Out)	0	0	0
<b><u>Excess of Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</u></b>	658	2,844	2,186
<b><u>Fund Balances - April 1, 2003</u></b>	<u>0</u>	<u>178</u>	<u>178</u>
<b><u>Fund Balances - March 31, 2004</u></b>	<u>\$ 658</u>	<u>\$ 3,022</u>	<u>\$ 2,364</u>

**Township of Emmett**  
 Building Inspection Fund  
 Statement of Revenues, Expenditures &  
 Changes in Fund Balance - Cash Basis  
 Actual Compared to Budget  
 For The Year Then Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b><u>Revenues</u></b>			
Permit Fees	\$ 0	\$ 37,175	\$ 37,175
Interest Earnings	0	16	16
Miscellaneous Revenues	0	278	278
<b><u>Total Revenues</u></b>	<u>0</u>	<u>37,469</u>	<u>37,469</u>
<b><u>Expenditures</u></b>			
Wages & Inspection Fees	0	28,428	(28,428)
Equipment	0	0	0
Miscellaneous Expenses	0	37	(37)
<b><u>Total Expenditures</u></b>	<u>0</u>	<u>28,465</u>	<u>(28,465)</u>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	0	9,004	9,004
<b><u>Fund Balances - April 1, 2003</u></b>	<u>0</u>	<u>6,443</u>	<u>6,443</u>
<b><u>Fund Balances - March 31, 2004</u></b>	<u>\$ 0</u>	<u>\$ 15,447</u>	<u>\$ 15,447</u>

# **Township of Emmett**

Combining Balance Sheet

Cash Basis

All Debt Service Funds

March 31, 2004

	<u>Township Hall</u>	<u>Bryce Road</u>	<u>Totals</u>
<b><u>Assets</u></b>			
Cash - Money Market & Savings	\$ 28,924	\$ 12,265	\$ 41,189
Total Assets	<u>\$ 28,924</u>	<u>\$ 12,265</u>	<u>\$ 41,189</u>
<b><u>Fund Equity</u></b>			
Fund Balances:			
Unreserved	<u>\$ 28,924</u>	<u>\$ 12,265</u>	<u>\$ 41,189</u>

**Township of Emmett**  
Combining Statement of Revenues, Expenditures,  
And Changes in Fund Balances - Cash Basis  
All Debt Service Funds  
For The Year Ended March 31, 2004

	<u>Township Hall</u>	<u>Bryce Road</u>	<u>Totals</u>
<b><u>Revenues</u></b>			
Current Property Taxes	\$ 3,721	\$ 0	\$ 3,721
Special Assessment - Road	0	9,999	9,999
Interest Earnings	214	7	221
 <u>Total Revenues</u>	 <u>3,935</u>	 <u>10,006</u>	 <u>13,941</u>
<b><u>Expenditures</u></b>			
Principal Payments	25,000	16,432	41,432
Interest Charges	434	7,131	7,565
 <u>Total Expenditures</u>	 <u>25,434</u>	 <u>23,563</u>	 <u>48,997</u>
 <b><u>Excess of Revenues Over (Under) Expenditures</u></b>	 <u>(21,499)</u>	 <u>(13,557)</u>	 <u>(35,056)</u>
 <b><u>Other Financing Sources (Uses)</u></b>			
Operating Transfers In (Out)	(25,118)	14,816	(10,302)
 <b><u>Excess of Revenues &amp; Transfers In Over (Under) Expenditures &amp; Transfers Out</u></b>	 <u>(46,617)</u>	 <u>1,259</u>	 <u>(45,358)</u>
 <b><u>Fund Balances - April 1, 2003</u></b>	 <u>75,541</u>	 <u>11,006</u>	 <u>86,547</u>
 <b><u>Fund Balances - March 31, 2004</u></b>	 <u>\$ 28,924</u>	 <u>\$ 12,265</u>	 <u>\$ 41,189</u>



# Township of Emmett

Combining Balance Sheet

All Fiduciary Funds

March 31, 2004

	Fiduciary Fund Types			
	Agency Funds		Expendable Trust	
	Current Tax Collection Fund	Building Bonds Fund	Employees' 457 Deferred Compensation Fund	Totals March 31, 2004
<b><u>Assets</u></b>				
Cash - Savings & Certificates	\$ 4	\$ 11,960	\$ 0	\$ 11,964
Investments	0	0	98,975	98,975
Due from Other Funds	0	11,640	0	11,640
<b><u>Total Assets</u></b>	<b><u>\$ 4</u></b>	<b><u>\$ 23,600</u></b>	<b><u>\$ 98,975</u></b>	<b><u>\$ 122,579</u></b>
<b><u>Liabilities</u></b>				
Deferred Compensation Payable	\$ 0	\$ 0	\$ 98,975	\$ 98,975
Due to - General Fund	4	0	0	4
Due to - Other Gov'ts & Taxpayers	0	23,600	0	23,600
<b><u>Total Liabilities</u></b>	<b><u>\$ 4</u></b>	<b><u>\$ 23,600</u></b>	<b><u>\$ 98,975</u></b>	<b><u>\$ 122,579</u></b>

April 27, 2004

Members of the Township Board  
Township of Emmett  
St. Clair County, Michigan

In accordance with your request, I have made an examination of the financial statements of Township of Emmett for the fiscal year ended March 31, 2004. From an overall viewpoint, the books and records maintained by the Township Clerk and Treasurer are in good order. However, during the course of the audit the following item came to my attention as a comment or recommendation.

- 1) Per P.A. 621 of 1968, the Township board must adopt a budget for all special revenue funds. This includes the Building Inspection Fund. The board did not adopt a budget for this fund for the fiscal year ending March 31, 2004.

I thank the Township officials for the cooperation I received in the completion of this examination. Should you have any questions in connection with the above, please contact me at your convenience.

Sincerely,

*Lehn King*

Lehn L. King  
Certified Public Accountant